

AUSTIN HOUSING FINANCE CORPORATION
RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA) PROGRAM
Program Guidelines for General Obligation (GO) Bond Funding,
HOME Funds, CDBG, Housing Trust Fund

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I. PURPOSE

The purpose of the Rental Housing Development Assistance (RHDA) Program (the "Program") is to increase or maintain the community's supply of affordable rental housing for low-income households, and increase the availability of transitional housing and permanent supportive housing for low-income households and persons with special needs as categorized by the City of Austin's Continuum of Housing Services. The Program is designed to assist the City in meeting its stated affordable housing goals and objectives.

Subject to the requirements and limitations of General Obligation Affordable Housing Bond (GO Bond) issuances authorized in November 2006, the Program is expected to provide financing to for-profit and non-profit developers (applicants), including Community Housing Development Organizations (CHDOs) for the acquisition, rehabilitation, new construction, debt relief, or rent buy-down for affordable rental housing projects that would otherwise be financially infeasible. Projects must create or facilitate the retention of rental units affordable to low-income households or low-income persons with special needs.

Through the Program, developers are provided increased financial capacity to meet necessary project development costs. For the purpose of these Program Guidelines, yearly household income and rent limits may not exceed those published by the Texas Department of Housing and Community Affairs for the Austin-Round Rock Metropolitan Statistical Area (MSA) according to household and unit size. Rental units developed with GO Bond assistance must serve households with annual incomes of no more than 50% of the Austin-Round Rock MSA's median family income (MFI) as indicated in **Attachment 1** to these Program Guidelines.

II. FUNDING

The RHDA Program is administered on behalf of the City of Austin by the Austin Housing Finance Corporation (AHFC) using a variety of funding sources including HOME, CDBG, General Fund, Program Income, and proceeds from GO Bonds to fund the development of affordable rental housing units. In the event of a conflict between competing funding sources, requirements and regulations of the more restrictive source will apply.

These Rental Housing Development Assistance Program Guidelines are not intended to address every circumstance that may be encountered in the development process, nor are they intended to be a verbatim restatement of all regulatory requirements. Omission of any federal or local regulatory requirements in these Rental Housing Development Assistance Program Guidelines does not relieve the City of Austin, the Austin Housing Finance Corporation, or the recipient of Rental Housing Development Assistance Program funds from their respective obligations as may be required by the funding source involved.

III. HOUSING CONTINUUM - RENTAL

The Continuum of Housing Services was locally developed by the City of Austin to organize and describe the varying levels of housing needs. The Continuum serves as a local framework for public and private sector investment to coordinate housing programs and services through the community and to assist income eligible residents in improving their housing needs and opportunities. The Continuum extends across eight locally designated affordable housing categories.

The Program serves three of the eight housing continuum categories; transitional housing, assisted housing and rental housing. Although the Continuum is used locally to describe and approve applicable housing projects and services for RHDA, it is recognized that different definitions/classifications of rental housing projects may exist for federal or other fund source reporting purposes. The Program may approve and provide its services as described through the local Continuum description, but will ensure applicable classification and reporting requirements are used when necessary to report to the federal government or other applicable fund sources.

IV. DEFINITIONS

The following definitions are utilized throughout the Program guidelines:

- **"Accessible"** means an individual dwelling unit, facility or a portion of a facility, when designed and constructed, can be approached, entered and/or used by individuals with physical disabilities.
- **"Adaptable"** means certain elements of a dwelling unit or facility can be added to, raised, lowered or altered to accommodate the needs of individuals with disabilities, or to accommodate the needs of persons with different types or degrees of disability.

- **“Affordable Rent”** means the rent plus utilities paid by the tenant does not exceed rent limits as published by the Texas Department of Housing and Community Affairs (TDHCA) for the Austin-Round Rock Metropolitan Statistical Area (MSA) according to household and unit size.
- **“Continuum of Housing Services”** means the locally determined classification of housing needs and services.
- **“Debt Coverage Ratio (DCR)”** means the ratio of net operating income (NOI) to total debt service (DS) during a given time period ($DCR = NOI \div DS$).
- **“Economic Feasibility”** for a for-profit developer is defined as a project’s ability to generate a minimum 10% return on equity to the investor(s) after all expenses and debt service; and **“Economic Feasibility”** for a non-profit organization is defined as a project in which projected returns are sufficient to reimburse actual expenses.
- **“Eligible Costs”** means project costs that can be paid with RHDA Program funds incurred subsequent to the date of the RHDA loan closing. Eligible costs are limited to the costs or partial costs of acquisition and/or verifiable hard construction costs, reasonable construction related fees, and architectural and engineering fees, surveys, market studies and legal fees.
- **“Eligible Rent”** means the rent plus utilities paid by the tenant does not exceed rent limits as published by the TDHCA for the Austin-Round Rock MSA according to household and unit size.
- **“Eligible Household”** means a household with a yearly income of no more than 50% of the median family income (MFI) as published by TDHCA for the Austin-Round Rock MSA.
- **“Geographic Dispersion”** means locations or areas that provide greater opportunity for families in terms of education, economic, mobility and transportation, health and environment, and neighborhood quality as described in *“Geography of Opportunity: Austin Region”* by the Kirwan Institute for the Study of Race and Ethnicity, Ohio State University, 2007. (Map #2, <http://4909e99d35cada63e7f757471b7243be73e53e14.gripelements.com/pdfs/AustinOpportunityMappingMarch2007.pdf>)
- **“GO Bond restrictions”** means the additional rules and regulations that the Applicant is required to meet in order to ensure compliance with all City of Austin general obligation bond covenants.
- **“Low-Income Household”** means a household whose gross income does not exceed 50% of the MFI according to family size as published by TDHCA.
- **“Median Family Income (MFI)”** means the gross family income of households according to family size and locality as published by TDHCA.
- **“Net Operating Income”** means rent revenues or other income generated by the property(ies) with the exception of any project proceeds resulting from the long-term lease or sale of the property(ies).
- **“NOFA”** means Notice Of Funding Availability. A NOFA refers to a process that informs the public that funding is available and may be requested for a specific purpose.
- **“Non-profit Organization”** means a not-for-profit non-sectarian organization that is certified by the Internal Revenue Service (IRS) as either a 501(c)(3) or a 501(c)(4) entity established for the purpose of benefiting low- and moderate-income individuals.
- **“Permanent Supportive Housing”** means housing for individuals or families headed by individuals that are:
 1. Chronically homeless as established in the HEARTH Act (Homeless Emergency Assistance and Rapid Transition to Housing Act (24 CFR, Part 577)
 2. Households that would otherwise meet the HUD definition of chronically homeless as above, but have been in an institution for over 90 days, including a jail, prison, substance abuse facility, mental health treatment facility, hospital or other similar facility,
 3. Unaccompanied youth or families with children defined as homeless under other federal statutes who:
 - a. have experienced a long term period without living independently in permanent housing;
 - b. have experienced persistent instability as measured by frequent moves over such period; and
 - c. can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.
 4. A single adult or household led by an adult ‘aging out’ of state custody of the foster care or juvenile probation system, where the head of household is homeless or at-risk of homelessness.
- **“Project Proceeds”** means proceeds resulting from the long-term lease or sale of the property.
- **“Rent Buy-Down Assistance”** means financial assistance to facilitate up to 10% of the total units in a project located in a “high opportunity” area for households with yearly incomes of no more than 50% of MFI. The amount of assistance is determined by calculating the difference in the anticipated rent revenue generated by units occupied by households with yearly incomes of no more than 80% of MFI to the total rent revenue anticipated from units occupied by households with yearly incomes of no more than 50% of MFI, according to the number of units for a required period.

- **“Supportive Services”** means services provided to persons with special needs which enable individuals to achieve a greater level of independence and/or self-sufficiency such as health services, housing counseling, employment counseling and referral, and other services as defined in federal regulations 24 CFR §882.802.
- **“Transitional Housing Project”** means a housing project that provides long-term temporary housing for up to 24 months and includes supportive services as defined above.

V. NON-PROFIT HOUSING ORGANIZATIONS

A **Non-profit Organization** eligible to receive GO Bond assistance is a not-for-profit, non-sectarian organization which is certified by the Internal Revenue Service (IRS) as a 501(c)(3) or a 501(c)(4) entity established for the purpose of benefiting low- and moderate-income individuals.

A. CHDO Certification

A Community Housing Development Organization (**CHDO**) is a special type of private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves. In order to become a certified CHDO, the U. S. Department of Housing and Urban Development (HUD) requires that the organization meet certain requirements pertaining to its legal status, organizational structure, relationship to other entities, capacity and experience level. See **CHDO Certification Guidelines**.

VI. ELIGIBILITY

The Program reserves the right to determine project eligibility and fund source use for any proposed project. Determinations will be based on how the Program can best maximize and leverage available funds, create the greatest number of affordable units, meet applicable federal and/or local requirements as well as what is in the best interest of the City/AHFC. The Program is under no obligation to consider or fund any proposed project that does not meet program requirements and assist in meeting the City’s affordable housing policy goals and/or objectives.

A. Organization in Good Standing

An eligible organization must be in good standing to ensure that the City of Austin and the AHFC receives just compensation and compliance for services provided for funds expended. An organization in good standing is a for-profit or non-profit organization under one or more contracts or agreements with the City or AHFC which has in the past met or currently is in compliance with meeting minimum contractual and performance requirements. An organization must be considered in good standing as a condition for consideration for future or additional funding or to amend existing contractual conditions. To be considered in good standing, an organization must meet the following conditions on all City/AHFC contracts:

- Not being in contractual default or currently owe funds to the City/AHFC because of disallowed or ineligible costs associated with past or current contracts or agreements, and
- Be within 30 days current of all contractual performance measures and schedules, and
- Be within 30 days current of all required program and financial reporting, and
- Not have any outstanding or unresolved audit or monitoring findings from past contracts or agreements, and
- Be compliant within 30 days in responding to or resolving any current monitoring findings, and
- Meet all good standing organization conditions prior to execution of any current or future contracts or amendments.

Because of extenuating circumstances, a non-performing organization (not in good standing) may request consideration from the AHFC to provide a temporary good standing designation in order to allow the organization to receive further funding considerations or amend existing contract conditions. At its sole discretion, the AHFC may consider a temporary good standing designation for the organization to provide time until the compliance issues have been adequately and timely resolved by the organization. The AHFC may consider providing this temporary designation, if the non-performing organization provides documentation of the following:

- Demonstrate the outstanding compliance issues are beyond reasonable expectations for immediate resolution, and
- Demonstrate the lack of needed funding or contractual actions would be significantly detrimental to the organization, and
- Provide an acceptable date specific action plan that delineates organization activities designed to resolve all outstanding documented performance, financial or monitoring compliance issues.

Should the non-performing organization provide sufficient just cause as identified above, the AHFC may provide a temporary good standing designation. The AHFC, at its discretion, may withdraw the temporary designation if the organization fails to perform in accordance with the terms and/or timeframes agreed upon. A non-performing organization designation will eliminate the organization from any current or future consideration for funding or contract extensions. The AHFC is under no

obligation to provide or extend temporary organization in good standing designations in which the contractor has consistently demonstrated its lack of adequate responsiveness to the outstanding compliance issues.

B. Eligible Projects

Eligible projects may include acquisition, rehabilitation, construction, debt relief, or “rent buy-down” projects for the development of affordable rental housing. For rehabilitation projects, funds may be used to make essential repairs or improvements to meet local code or federal housing quality standards (HQS), come into compliance with federal requirements of Section 504 or the Americans with Disabilities Act, abatement of lead based paint, abatement of asbestos, essential energy-related repairs or improvements, and repair or replacement of major housing systems in danger of failure. Facilities considered to be homeless shelters are not eligible.

Projects assisted must be operated and maintained on a long-term basis in accordance with these program guidelines and contractual requirements relative to applicable federal and local regulations.

PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City of Austin’s current year Action Plan goals and policy direction from the Austin City Council.

Minimum requirements for projects are as follows:

1. Located within the corporate City-limits of Austin.
2. Projects may consist of one (1) or more dwelling units.
3. Units must be used for residential purposes only.
4. New construction projects must meet City of Austin S.M.A.R.T. Housing™ requirements.
5. Rehabilitation projects must have a minimum of one (1) condition that violates either the City’s Housing Code or federal Housing Quality Standards (HQS) under the Housing Choice Voucher Program (Section 8) administered by the Housing Authority of the City of Austin (HACA).
6. As determined applicable by the AHFC, assisted units must be made available to households with Housing Choice Vouchers from HACA.

Preferences will be given to projects as follows:

1. Permanent Supportive Housing Projects or Transitional Housing Projects as defined above in these Guidelines.
2. Projects that address “Geographic Dispersion” as defined above in these Guidelines.
3. Projects that meet the requirements of the City’s Vertical Mixed-Use (VMU) Ordinance, or is a Planned-Unit Development (PUD) or Transit-Oriented Development (TOD).
4. Rehabilitation projects that preserve existing affordable rental units as addressed by the City’s “*Preserving Affordable Housing in Austin: A Platform for Action*” completed in April 2008.
5. Projects that include a minimum of 25% of all units assisted with GO Bond funds are reserved for households earning 30% or less than the MFI.

C. Eligible Costs

Through the Program, applicants may receive project-based financing for acquisition, rehabilitation or new construction of rental housing projects. GO Bond proceeds may be used to pay for:

- **Hard Costs** such as purchase or buy-down of rental units, acquisition of land for a specific project and acquisition of existing structures, site preparations or improvement including demolition, securing buildings, and construction materials and labor.
- **Soft Costs** such as architectural and engineering fees (including specification and job progress inspections), financing costs, credit reports, title insurance, recording costs, transaction taxes, appraisals, environmental reviews, builders’ or developers’ fees, marketing costs, and management fees.

The applicant must provide an accounting of expenditures made with funds, a source of which may be GO Bond proceeds, on such periodic basis as shall be determined by the AHFC/City to ensure that the expenditures are consistent with the provisions of Section XII and Section XIV below, and to ensure that the expenditures are made in satisfaction of the purposes approved in the November 2006 election.

D. Ineligible Costs

GO Bond proceeds may not be used for the repair or construction of: wet bars; barbecue pits; bathhouses; burglar bars; carpeting for kitchen, bathrooms, or patios; window treatments (e.g. draperies, shades, curtains, mini blinds); driveways and parking lots (except repairs to existing); dumbwaiters; fireplaces (except repairs to existing); flower boxes; garage door openers; greenhouses; hot tubs or Jacuzzis; mobile homes; outdoor fireplaces or hearths; patios or decks (except repairs of existing);

photo murals; swimming pools or swimming pool decks; television antennae; tennis courts; and permanently affixed kitchen appliances (ranges and refrigerator which are designed and manufactured to be freestanding are acceptable uses of funds). AHFC reserves the right to disallow other project costs deemed nonessential to furthering the purpose of the project.

VII. LIMITS OF ASSISTANCE

A. Acquisition

Assistance for acquisition of land or property is available to for-profit and non-profit and/or CHDO developers in the amounts as follow:

1. For-profit developers are eligible for up to the lesser of 50% of total project costs or \$1,000,000 per project, or such amounts as the AHFC Board may authorize; and.
2. Non-profit or CHDO developers are eligible for up to \$2,000,000 per project, or such amounts as the AHFC Board may authorize.

Acquisitions must include existing units or will facilitate the new construction of units. Total project costs include the cost of land and improvements. Assistance can be provided for the acquisition of land or existing rental properties, only if the acquisition price is equal to or less than the fair market value of the property. The applicant must demonstrate the fair market value of the property by supplying one of the following:

- a pre-construction appraisal on the property to be acquired, conducted less than six months prior to receipt by AHFC;
- an appraisal for comparable properties within the same neighborhood, or
- a tax assessment (less than one year old) for the property or for comparable properties within the same neighborhood.

B. Fast-Track Acquisition for Non-Profit Organizations and CHDO Developers

As funding is available, non-profit organizations and CHDO developers may submit an application accompanied with an Earnest Money or Purchase/Sales Contract for the acquisition of land and property. The maximum amount per project application(s) is \$100,000. This process is not subject to the competitive NOFA process; however, all applications must meet threshold criteria, project feasibility and evaluation, and project underwriting review by staff.

C. Rehabilitation

Rental rehabilitation assistance for hard construction costs is limited to the lesser of the following average per unit limits; or \$1,000,000 per project for for-profit developers and up to \$2,000,000 per project for non-profit and CHDO developers, or such amounts as the AHFC Board may authorize:

- \$30,000 per efficiency unit;
- \$35,000 per 1 bedroom unit;
- \$40,000 per 2 bedroom unit;
- \$45,000 per 3 bedroom unit or larger.

For rehabilitation projects, funds may be used to make essential repairs or improvements to meet local code or federal housing quality standards (HQS), come into compliance with federal requirements of Section 504 of the Rehabilitation Act of 1974, as amended, or the Americans with Disabilities Act, appropriate treatment of lead based paint, appropriate handling of asbestos, energy-related repairs or improvements, and repair or replacement of major housing systems.

D. New Construction - For-Profit Developers

Assistance for new construction projects is limited to the lesser of 50% of total project costs, or \$40,000 per unit in multi-unit structures and/or \$70,000 per unit in single-family structures in a single project, or \$1,000,000 per project, or such amounts as the AHFC Board may authorize. Projects assisted must be operated and maintained on a long-term basis in accordance with these program guidelines and contractual requirements relative to applicable federal and local regulations.

E. New Construction - Non-Profit Organizations and CHDO Developers

Assistance for new construction projects is limited to the lesser of \$60,000 per unit in multi-unit structures and/or \$90,000 per unit in single-family structures in a single project, or \$2,000,000 per project, or such amounts as the AHFC Board may authorize. Projects assisted must be operated and maintained on a long-term basis in accordance with these program guidelines and contractual requirements relative to applicable federal and local regulations.

F. Debt Relief

In accordance with federal and state law requirements, debt relief may be provided subject to the following:

- Financing for debt relief is limited to the lesser of \$65,000 per unit or \$2,000,000 per project, or such amounts as the AHFC Board may authorize.
- Debt relief assistance will be limited to projects in which AHFC, or one of its subsidiary corporations, anticipates having an ownership and/or superior lien position, the terms of which are negotiated prior to the approval of financing.
- Debt relief must facilitate the development or replacement of new or existing affordable rental housing units as determined necessary and feasible by the City/AHFC.

G. Rent Buy-Down Assistance for Market-Rate Projects

Assistance is available to buy-down rents for up to 10% of the total units in a project located in a “high opportunity” area for households with yearly incomes of no more than 50% of MFI. Rent buy-down assistance may not exceed \$40,000 per unit or \$1,000,000 for for-profit developers, or \$60,000 per unit or \$2,000,000 for non-profit or CHDO developers, or such amounts as the AHFC Board may authorize. The amount of assistance is determined by calculating the difference in the anticipated rent revenue generated by units occupied by households with yearly incomes of no more than 80% of MFI to the total rent revenue anticipated from units occupied by households with yearly incomes of no more than 50% of MFI, according to the number of units for a required period.

H. Developer Fee

AHFC will determine the amount of a reasonable developer or project management fee in an amount not to exceed 15% of total project costs.

VIII. AFFORDABILITY REQUIREMENTS

A. Assisted Units

Projects may have a mix of GO Bond-assisted and non-assisted units. The distinction between assisted and non-assisted units allows funds to be expended on mixed-income projects while targeting assistance to income-eligible households. The minimum number of assisted-units in a project is determined based on the GO Bond pro-rata share of funds relative to total project cost, or the per unit limits. At least 10% of all units in the project must be designated as GO Bond-assisted. Preferences will be given to projects where a minimum of 25% of all GO Bond-assisted units are reserved for households earning no more than 30% of MFI. The applicant must designate in its project application the minimum number or “floor” of GO Bond-assisted units reserved for income-eligible households at required rent levels. Assisted units may be fixed or floating units.

B. Affordability Period

When GO Bond proceeds are used to assist rental projects, income and rent restrictions apply to the GO Bond-assisted units for a defined term called the “affordability period.” An Affordability Period will be established for rental projects assisted with GO Bond proceeds for a period not less than 40 years. Affordability requirements and restrictions will remain in force throughout the Affordability Period regardless of transfer of ownership.

C. Income and Occupancy Requirements

Throughout the established Affordability Period, GO Bond-assisted units in projects must be occupied by households with annual incomes as follows:

- All GO Bond-assisted units must be occupied by households earning no more than 50% of the MFI for the Austin-Round Rock MSA.
- Preference will be given to projects where a minimum of 25% of all units assisted with GO Bond funds are occupied by households earning 30% or less than the MFI.

1. Income Determination Method

The Applicant shall determine income eligibility using the Section 8 annual gross income method of income determination, as outlined in the publication, *Technical Guide to Determining Income and Allowances for the HOME Program*, available from the AHFC.

2. Income Recertification Schedule

Borrower shall adopt a schedule for annual recertification, a copy of which shall be provided to the AHFC/City, of tenant income either by recertifying income on the anniversary of the original income evaluation, at lease renewal, or on an annual schedule whereby all tenants are recertified during the same month. Borrower shall recertify income eligibility either by collecting source documentation as with the initial eligibility determination or by obtaining from each household a completed Tenant Information and Income Certification in the form of Attachment 3 to this Exhibit. If the latter method is used, Borrower shall collect original source documentation for each tenant every sixth year during the Affordability Period.

3. Restrictive Covenant

AHFC will enforce the tenant income requirements by placing on the property a Restrictive Covenant Running with the Land.

D. Rent Limitations

Rents are to be strictly controlled during the Affordability Period. The owner is responsible for annually obtaining TDHCA schedules for rent and income limits. If the tenant pays any utilities, the maximum allowable rents must be reduced by the amount of the applicable utility allowance established annually by HUD for the Austin area. The current TDHCA-published income and rent limits, and utility allowances are included as Attachments 1 & 2, respectively.

1. Temporary Exceptions: Two temporary periods of noncompliance with the above occupancy and rent restrictions are acceptable. The exceptions are based on the principle that tenants should not be displaced if their income rises to a level higher than the eligible household income during the lease term. The temporary periods of acceptable noncompliance are as follows:

- If the project is occupied at the time the GO bond-assistance is awarded to the project, existing tenants who earn more than 50% MFI must pay no more than 30% of their adjusted income in rent. Similarly, an existing tenant in the designated 50% MFI unit whose income rises to more than 50% MFI must pay no more than 30% of their adjusted income in rent, and only when the tenant chooses to leave or not renew the lease, the unit must then be rented to a new tenant who earns no more than the 50% MFI limit.
- All new tenants must earn no more than 50% of MFI at initial certification. In the event that a tenant's household income increases above the 50% of MFI limit after initial occupancy, the rent must be adjusted at the annual recertification, to an amount of no more than 30% of their adjusted income in rent and utilities.

E. Accessible and Adaptable Units

Assistance may not be used for the purpose of building or acquiring rental units that will not allow an AHFC determined portion of the units to be made accessible to persons with disabilities (townhouses, walk-ups, structures on impractical sites, etc.). Projects must contribute to increasing the number of accessible and/or adaptable units available to persons with disabilities through the following minimum requirements:

1. Rehabilitation Projects

- The greater of one (1) unit or 10% of all units rehabilitated must be made accessible for persons with mobility disabilities.
- In addition, the greater of one (1) unit or 2% of all units rehabilitated must also be made adaptable for persons with hearing and/or visual disabilities.

2. New Construction Projects

- The greater of one (1) unit or 10% of all new units constructed must be accessible to persons with mobility disabilities, and all other ground floor units constructed must be adaptable to accommodate the needs of persons with mobility disabilities.
- In addition, the greater of one (1) unit or 2% of all new units constructed must also be accessible to accommodate the needs of persons with hearing and/or visual disabilities.
- All projects receiving assistance must comply with accessibility design standards established by the City's S.M.A.R.T. Housing™ Initiative.

3. Distribution of Accessible Dwelling Units

To the greatest extent possible, accessible dwelling units should be distributed on ground-floor units throughout the project and should be available in a sufficient range of sizes and amenities so that an individual with disabilities' choice of dwelling units is comparable to that of other prospective tenants. This statement should not be construed to require an elevator for the sole purpose of allowing accessible units to be located above the ground floor.

4. Occupancy of Accessible Dwelling Units

Owners/managers of multifamily projects that have accessible units should ensure that information regarding the availability of accessible units reaches individuals with disabilities. In addition, owners/managers of multifamily projects that have accessible units should take non-discriminatory steps to maximize the utilization of accessible units by qualified individuals with disabilities whose disability requires the accessibility features of a particular unit. This can be done by maintaining a waiting list for accessible units and offering vacant accessible units to applicants in the following order:

- First, to a current occupant of another unit in the same property, or other comparable property within the owner's/manager's control, who has a disability requiring the accessibility features of the vacant unit and who occupies a unit that does not have those features.

- Second, to a qualified applicant on the waiting list who has a disability requiring the accessibility features of the vacant unit.
- Third, to a qualified applicant who does not have disabilities. When offering an accessible unit to a qualified applicant who does not have a disability requiring the accessibility features of the unit, the owner/manager may require the applicant to agree to move to a non-accessible unit when one becomes available. Language to that effect can be incorporated into the lease agreement.

Owners/managers shall provide the AHFC/City with a copy of any such waiting lists on a basis that is consistent with Sections XII and XIV below.

IX. PROJECT FEASIBILITY/UNDERWRITING

A. Projects considered eligible for assistance must meet the following underwriting criteria:

- It must be demonstrated that the project is not “economically feasible” without Program assistance.
- Applicant must provide evidence of financial ability to implement the project.
- Applicant must have the organizational capacity to implement the project.
- If applicable, operating projections must generally meet HOME Subsidy Layering parameters outlined in HUD-CPD Notice 98-01.
- Upon project completion, it is preferable that a minimum of 65% of net operating income (NOI) be available for debt service (DS); and/or the operation of the project result in a minimum debt coverage ratio (DCR) of 1.15 on an annual basis calculated as follows: $NOI/DS=DCR$. The Debt Coverage Ratio (DCR) is used to indicate whether or not a project is self-sustaining over time. Applicants requesting RHDA G.O. Bond Assistance for proposed projects must indicate a DCR in the application’s Operating Proforma. For “Transitional Housing” and “Permanent Supportive Housing” projects that are anticipated to have no yearly debt service, the DCR may be calculated by using the value of “1” as the denominator in the equation.

B. Threshold Requirements for all GO Bond-Assisted Projects:

- The project must be owned, developed or sponsored by a for-profit or non-profit organization in good standing with the AHFC.
- The project must be an Eligible Project as outlined above located in the city-limits of Austin.
- Units assisted must be used for residential purposes only.
- If applicable, projects must meet HUD Environmental Review and other environmental review requirements.
- Loan Agreements of \$200,000 or more for transacted with GO Bond proceeds must comply with HUD Section 3 Requirements throughout the development of the project.

X. FINANCING

A. General

Applications will be reviewed and underwritten and recommendations will be made as to eligibility, funding, terms and conditions. The amount of assistance will be determined on a case-by-case basis. Under no circumstances shall financing be used for any reason or cost other than for direct costs associated with and approved by the program. Construction activities shall be governed by the specifications based on the approved application.

B. Liens

A lien will be placed on the property for which a loan has been made. The lien shall remain in effect until all loan terms and conditions have been fulfilled. A release of lien will be issued upon full repayment of the loan and fulfillment of all contractual terms. A Release of Lien shall not be provided in the event of the failure of the borrower/developer to initiate or complete the project in accordance with the terms and conditions of the Loan Agreement.

C. Loans

1. Amortized Loans

The loan is fully-amortizing and requires repayment over terms up to forty (40) years or more at interest rates from 0% per annum to the current prime lending rate in effect at the time the loan is made, plus allowable fees. Rates and terms are determined by cash flow projections for projects relative to the underwriting criteria above.

2. Deferred Payment Loans and Forgivable Deferred Payment Loans (DPLs)

Deferred payment loans (DPLs) and forgivable DPLs are available to applicants if the project is not “economically feasible” with financing that requires full or partial repayment while the applicant owns and operates the project. Subject to GO Bond restrictions, DPLs are provided at interest rates ranging from 0% per annum to the current prime lending rate in effect at the time the loan is made, plus allowable fees for terms up to forty (40) years or more. DPLs and forgivable DPLs are contingent upon compliance with the terms and conditions of the loan agreement and deed restrictions for the required period. Should usage of the property change during the required period, the Note will remain in place until the sale, refinance, or other disposition of the property, at which time the principal and fees will be due and payable.

All loans are secured by a Deed of Trust or other acceptable collateral. The AHFC Deed of Trust may be subordinated to private or other financing if determined necessary for project implementation. Assistance generally will be non-recourse with recovery rights limited to the encumbered collateral and any income there from. Terms of financing are based on the economic feasibility of the project including anticipated rates of return to the developer. Anticipated rates of return of approximately 10% yearly are considered reasonable. Excessive returns may result in the reduction or denial of financing, or financing terms that are less favorable for the developer. At its sole discretion, the AHFC may consider renegotiation of loan terms and conditions if by doing so increases the creation of the number of affordable rental housing units, and/or achieves a more favorable interest rate on any superior loan. Under no circumstances will the Program consider a request to renegotiate loan terms and conditions if equity is anticipated to be taken from the project that will not be used directly in the project itself or places the Program in a lesser lien position without resulting in a reasonable and direct affordable housing benefit.

D. Project Proceeds

If Borrower sells any portion of the subject property during the Affordability Period or acts as Lessor on a long-term lease for a GO Bond-assisted property, a portion of the net proceeds on the sale or long-term lease would be considered Project Proceeds and must be tracked and handled according to the Project Proceeds requirements AHFC has established for the project. Net operating income generated from rent revenues or other income with the exception of any project proceeds resulting from the long-term lease or sale of the property is not considered Project Proceeds.

The AHFC Program Administrator may determine on a project-by-project basis whether the Borrower will be allowed to retain Project Proceeds on a given GO Bond-assisted project. Any Project Proceeds that AHFC allows a Borrower to retain must be used for eligible or other housing activities to benefit families earning 50% or less than the adjusted MFI in effect for the Austin-Round Rock MSA. Affordable housing activities may include for example, emergency repairs, project operating costs and reserves, operating expenses and homebuyer counseling. Borrowers are subject to Project Proceed Reporting and Annual Risk Analysis to determine audit requirements for Project Proceeds.

XI. APPLICATION PROCESS

Program assistance is made available through the review and evaluation of information outlined in the GO Bond Project Proposal Application submitted to the AHFC as indicated in **Attachment 5**. Projects are evaluated on a competitive basis according to the application evaluation criteria and established AHFC procurement policies and procedures. Subject to available funds, projects determined to be the most responsive in regard to the purpose of the RHDA Program may be selected and approved for assistance. Program guideline changes required as a result of federal, state or local regulatory or legal requirements may be implemented immediately by the AHFC without the written approval of the AHFC Manager, Real Estate and Finance Development Manager or Community Development Officer.

XII. REVIEW PROCESS

The Program will notify the applicant in writing of a decision to approve or disapprove any application. Unless provided in writing by the Program, no person or organization shall construe any discussions held with Program staff or written information provided to constitute an acceptable application or an obligation or commitment for funding.

A. AHFC Staff Review

Applications are given an initial review by Program staff for completeness and to ensure the minimum threshold requirements are met. Incomplete applications may be returned to the Applicant with deficiencies noted. In addition, the Program reserves the right to accept or reject in part or in whole any complete application.

Applications that meet the minimum threshold requirements are scored by a panel of at least three AHFC staff members knowledgeable in the development process. The panel uses the GO Bond Scoring Criteria developed for the Program. Applications must meet a minimum score in order to be considered further. However, submission of an application that meets or exceeds the minimum score is not a guarantee that the proposed project will be funded.

Applications that are likely to be recommended for funding will receive further consideration by a cross-departmental Project Review Team composed of NHCD and AHFC staff. The Project Review Team will discuss programmatic, regulatory, and administrative aspects of a proposed project before a final recommendation is made.

The Program may take up to 60 days from the date a complete application is accepted to determine whether the project may be recommended for funding or denied. Although not all inclusive, the Program may not provide any obligation or commitment for funding to any proposed project unless the project meets the following minimum consideration criteria and those stated in other sections of these guidelines:

- All other required project financing must be in place or have evidence of funding obligation and/or commitment.
- All requested documentation and/or information by the Program has been provided.

Projects that are recommended for funding by AHFC Staff will be presented to the Housing Bond Review Committee.

B. Housing Bond Review Committee (HBRC)

The HBRC is the body appointed to review and recommend GO Bond-funded proposals. Projects recommended for funding by the HBRC will be presented to the AHFC Board for consideration. The Program shall set forth Housing Bond Review Committee Process & Procedures.

1. HBRC Membership

The Committee shall consist of five members: two members shall be representatives from the Community Development Commission (CDC). The Chair of the CDC Housing Subcommittee and one at large appointment from the CDC shall comprise the CDC Membership; three community members shall be representatives from real estate finance and development community. All Committee Members must reside within the City limits of Austin, Texas. The City Manager, or designee thereof, shall appoint the three community members. A quorum shall consist of four members.

2. Conflicts of Interest

The City of Austin Conflict of Interest Rules, and all other applicable state and federal laws, shall apply. In addition, due to conflicts of interest, persons appointed to the Committee may not be the recipient or actively pursuing City housing funds. People who are indirectly involved in development of affordable housing in Austin may serve but must recuse themselves from acting on applications where they have direct influence/benefit.

3. Term

The term of membership service for community members shall be until resignation. The term of membership for CDC members shall coincide with their service on the CDC.

4. Removal

A Housing Bond Review Committee Member may be removed by the NHCD Community Development Officer for more than two unexcused absences annually.

5. Meetings

Meetings shall be held quarterly, based on funding availability and applications prepared for review. The Committee may call special meetings.

6. Role

- Provide expertise in affordable housing finance, development and construction as represented by community membership and City benefit as accorded by representation from the CDC.
- Make recommendation regarding approval for applications.
- Action is based on majority vote.
- Committee may reject applications, request additional information, or suggest alternative financial structures.
- Committee must use the award criteria outlined in the Project Evaluation Criteria.
- Approval/rejection is included in all staff recommendations to AHFC Board of Directors; however, the Housing Review Committee's role is advisory only. The City of Austin is not bound by the Housing Review Committee's recommendations.
- The City, in its sole discretion, may accept, in part or whole, or reject, in part or whole, any recommendation of the Committee.

XIII. PAYMENTS

Developers/owners request payments for eligible project costs according to the conditions described in the AHFC Loan Agreement not more often than once monthly, unless otherwise authorized by AHFC, stating the cost of any professional service necessary to design the project, the cost of any labor and materials purchased for the project, and any prorated cost of contractor's overhead less the aggregate of previous payments. Eligible project costs must be documented with each request for payment for the purpose of supporting the amount requested. AHFC will verify the work completed and determine the amount of funds to be released with each request for payment. AHFC will disburse the funds reasonably in proportion to the progress of the project with the right of retaining a portion of such funds pending final completion of the project, in accord with the Loan Agreement. AHFC will disburse payments of any amounts retained under the Loan Agreement, less such amounts retained by AHFC pending final completion of any work required under the Loan Agreement. AHFC will disburse a final payment of any retained amounts remaining per the conditions described in the Loan Agreement.

The AHFC retains the right to withhold or temporarily suspend payments to any existing project that has failed to perform in accordance with the terms and conditions of the Loan Agreement, is behind in submitting required, timely or incomplete reports, documents or information required or requested by the AHFC, fails to comply with any GO Bond covenants or has not resolved any outstanding monitoring findings or concerns identified by the AHFC within the timeframes identified. At such time that the project has adequately addressed the identified requirements and in AHFC's sole discretion, AHFC may proceed with any and all pending project payments.

XIV. REPORTING/RECORD KEEPING

With respect to the project, developers/owners must maintain full and accurate books of account and other records reflecting the results of the development of the property and shall furnish, or cause to be furnished, to AHFC: (i) immediate notice of any material adverse change in the property's financial condition or business prospects or any lapse of coverage with respect to the Insurance Requirement; (ii) all reports required by the AHFC Loan Agreement and Statement of Work; and (iii) upon request of monitors, and at developer's expense, such other operating, financial, insurance coverage and credit information as may be reasonably requested with respect to the property.

The status of applications, recommendations, and appeals and/or grievances filed by developers/owners will be reported monthly on the AHFC website, and quarterly through reports made to the GO Bond Housing Review Committee and the CDC.

XV. INITIAL OCCUPANCY

RHDA projects are not considered complete when construction is completed or a certificate of occupancy (CO) is issued. The project must provide the necessary documentation to support that all applicable initial occupancy requirements have been met. The documentation will be submitted in a form as prescribed by the Program. Initial occupancy documentation must support and include, but not be limited to the following:

- Designation of floating or fixed units.
- Income determination of all tenants in accordable with Part 5 requirements and/or S.M.A.R.T. Housing™ requirements (depending on use of HOME or CDBG funding).
- Submission of tenant roster.
- Identification of current Fair Market Rents and rents charged to occupying tenants.
- Identification and contact information of property manager or owner responsible for providing initial occupancy information and annual documentation submission.

XVI. LONG TERM COMPLIANCE - ON-GOING MONITORING

RHDA assisted projects require long-term commitments by the owner/developer who must submit annual, or as specified in the project Loan Agreement, support documentation to confirm adherence to applicable project requirements. Long-term project compliance requirements include, but are not limited to:

- Federal Housing Quality Standards (HQS) inspection reports.
- Income determinations for applicable tenants prior to lease up;
- Appropriate/applicable rents charged under existing lease agreements; and
- Total number of designated affordable units are being properly operated/managed.

The project legal documents will identify the specific annual submission requirements and the timeframe for submission. It is the responsibility of the project owner/developer to ensure that all long-term compliance submissions are complete and submitted within the identified timeframe. In its sole discretion, the AHFC may provide notice in advance of the required submission date as a reminder. However, failure of the AHFC to notify the project in advance of the submission date does not negate in any way the long-term compliance responsibilities of the applicant (project owner/developer). Should the project fail to produce the required long-term compliance documentation in a timely manner or as prescribed in the Loan Agreement, the AHFC may consider this a

default by the project. The AHFC may take action against the project that may include, but not be limited to, calling the Program Note due and payable, and requiring the project to repay the full amount of the GO Bond RHDA investment. During the project term and as may be necessary, the AHFC may make direct on-site visits to the project to confirm compliance related issues. The AHFC will provide reasonable prior notice to the project of the on-site visit.

XVII. TENANT PROTECTIONS

A. Tenant Selection and Leases

Property owners must use HUD-allowable provisions in tenant leases. Property owners must offer a lease term of at least 1 year, unless tenant and owner mutually agree to a lesser term. An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted except for serious or repeated violation of the terms of the lease; for violation of applicable federal, state or local laws; and for violations of the tenant lease agreement. Any termination or refusal to renew must be preceded by not less than 30 days written notice from the owner specifying the grounds for action. Certain lease terms are prohibited including the following:

- Agreement to be sued. Agreement by the tenant to be sued, admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
- Treatment of Property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant. This prohibition does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved from the unit. The owner may dispose of this personal property in accordance with State law.
- Excusing the owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.
- Waiver of notice. Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.
- Waiver of legal proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense or before a court decision on the rights of the parties.
- Waiver of jury trial. Agreement by the tenant to waive any right to a jury trial.
- Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a decision in connection with the lease.
- Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins the court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- The Lease Addendum included as Attachment 4 must be attached to all leases signed for occupancy in the Project.

B. Property owners must have written tenant selection procedures and policies that:

- Are consistent with the purpose of providing housing for very low and low income families;
- Are reasonable, and comply with applicable eligibility and acceptance requirements;
- Meet the housing needs of families and recipients of Housing Choice (Section 8) vouchers;
- Select tenants from a written waiting list in chronological order; and
- Give prompt written notification of rejection and the grounds for such.

C. Property Standards

The owner must maintain the total project in compliance with federal HQS and City of Austin Building Code for the duration of the Affordability Period. The City of Austin will periodically inspect the property to ensure compliance with this requirement. Projects with one to four GO Bond-assisted units must be inspected by the City of Austin or by an HQS certified inspector every three years within the Affordability Period or during the term of the Note with AHFC, whichever is longer. Projects of five to 25 GO Bond-assisted units must be inspected every two years, and projects of 26 or more GO Bond-assisted units will be inspected annually.

XVIII. ADDITIONAL REQUIREMENTS

A. S.M.A.R.T. Housing™

All new construction projects will be required to obtain S.M.A.R.T. Housing™ certification prior to loan application. S.M.A.R.T. Housing™ is not applicable to rehabilitation projects.

B. City of Austin Visitability Ordinance

All single-family, duplex and triplex dwellings newly constructed with financial assistance provided through the Austin Housing Finance Corporation must be visitable in accordance with the City of Austin Visitability Ordinance No. 981007-A.

C. Section 3 Compliance

Projects that receive over \$200,000 in HUD funds for construction or rehabilitation and/or projects with any contractor or subcontractor receiving over \$100,000 are required to provide employment opportunities for businesses and lower income persons described in 24 CFR §135, including requiring each of its subcontractors carrying out work in connection with the Project to comply with, in particular, the assurances set forth at 24 CFR §135.38:

1. The work under the Loan Agreement must be performed in the same manner as a project required to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities resulting from assisted projects, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing;
2. The Borrower will comply with HUD's regulations at 24 CFR §135, which implement Section 3. As evidenced by their execution of the Loan Agreement, the parties to the Loan Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the 24 CFR §135 regulations;
3. The Borrower will send to each labor organization or representative of workers with which the Borrower has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin;
4. The Borrower will include this Section 3 clause in every subcontract with respect to the Project, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is not complying in the manner established under 24 CFR §135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR §135;
5. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR §135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under the Loan Agreement;
6. Noncompliance with Borrower's obligations may result in sanctions, termination of the Loan Agreement for default, and may include debarment or suspension from future HUD-assisted contracts;
7. With respect to Project the requirements of section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under the Loan Agreement. This requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to the Loan Agreement that are subject to the requirements of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

D. Environmental Review

AHFC may require the owner of a project to provide a Phase I Environmental Review prior to executing loan documents to ensure that no environmental hazards exist on or near the project site. For properties built prior to 1979, the project must include an inspection for asbestos prepared by a firm certified by the State of Texas.

E. Lead-Based Paint

All developer/owner/sponsors of a GO Bond-assisted project are required to provide tenants of pre-1978 housing with the *Protect Your Family from Lead in Your Home* brochure and document receipt of the document. The Applicant is responsible for obtaining the brochure and the appropriate disclosure forms from AHFC.

If a Project has the potential for lead-based paint hazards, the Applicant must ensure that the required procedures for testing of surfaces, completion of the rehab work, further testing and clearance examinations on the property are followed throughout the project, and that all personnel conducting those activities have obtained the appropriate state certifications to authorize their work. For any project involving non-exempt activities, the Applicant must work closely with AHFC to design a detailed plan to abate the hazard.

F. Contractor Selection

Owners/developers shall provide to the AHFC/City construction specifications and costs estimates for work proposed. To ensure completeness, cost efficiency and market competitiveness, the AHFC/City will review the project specifications and associated costs that will be mutually agreed to by both parties. Owners/developers will select construction contractors most

capable to complete the project in accordance with the approved specifications and costs. The AHFC/City will conduct on-site inspections throughout the construction of the project to assure the project is completed as required.

G. Debarment and Suspension

Owners and contractors are prohibited from employing, awarding contracts, or funding any contractors or subcontractors that have been debarred, suspended, proposed for debarment, or placed on an ineligibility status by the federal government. In addition, any owners who are debarred, suspended, proposed for debarment, or placed on an ineligibility status by the federal government will be prohibited from participating in the Program. Developers are required to screen the status of all contractors and subcontractors by consulting the website at <http://epls.arnet.gov/epl/owa/eplsearchmenu>.

H. Fair Housing Opportunity

The Borrower must comply with:

- The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR part 100: Executive Order 11063, as amended, (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (non-discrimination in Federally Assisted programs) and implementing regulations issued at 24 CFR Part 1;
- The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146;
- The prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; and
- The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.

I. Fair Housing in Marketing

Project developers/owners/sponsors will be required to use affirmative fair housing marketing practices in soliciting tenants in determining eligibility and concluding all transactions. Each participating entity must affirmatively further fair housing in the same manner as a project that is required to comply with 24 CFR 92.351. These requirements include:

- The City/AHFC will require the project owner to solicit applications for vacant units from persons in the housing market who are least likely to apply for the rehabilitated housing without benefit of special outreach effort.
- Advertising for vacant units must include the equal housing opportunity logo or statement. Advertising median may include newspapers, radio, television, brochures, leaflets, etc.
- The project owner must maintain a file containing all marketing efforts (i.e. copies of newspaper ads, memos of phone calls, copies of letter, etc.) to be available for inspection at least annually by the City/AHFC.
- The project owner shall maintain a listing of all tenants residing in each unit at the time of requesting assistance throughout the entire compliance period.

Where an owner fails to follow the affirmative marketing requirements, corrective actions shall include extensive outreach efforts to appropriate contacts to achieve the occupancy goals or other sanctions the City/AHFC deems necessary.

J. Insurance Requirements

Project developers/owners from the date until completion of all construction work on contracted housing units and until the expiration of the Loan Agreement with the AHFC, with respect to the Property, shall obtain, maintain and keep in full force and effect insurance coverages in regard to general liability, auto, and property hazard insurance in such amounts and in such manner as required by the AHFC's Loan Agreement. Program funds may not be used in connection with the rehabilitation of a property located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless flood insurance is obtained and maintained throughout the term of the loan.

K. Audit Requirements for Non-Profit Developers

Developers/owners must submit to the AHFC a complete set of audited financial statements and the auditor's opinion and management letters in accordance with 24 CFR 84.21, and the Single Audit Act of 1984, as amended, covering each fiscal year until the termination of this Loan Agreement. Developer must use the procedures outlined in the Loan Agreement in securing the audit.

L. Non-Discrimination

The City of Austin/AHFC is committed to compliance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, as amended. Reasonable modifications and equal access to communications will be provided upon request. Please call 974-3100 (voice) or 974-3102 (TDD) for assistance. For a sign language interpreter, please call 974-3100 at least four to five days in advance. The City of Austin/AHFC does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs and activities. Dolores Gonzalez is the City's ADA/Section 504 Coordinator. Her office is located at 505 Barton Springs Road, Suite 600. If you have any questions or complaints regarding

your ADA/Section 504 rights, please call the ADA/Section 504 Coordinator at 974-3256 (voice) or 974-2445(TTY). This publication is available in alternative formats. Please call 974-3100 (voice) or 974-3102 (TDD) for assistance.

XIX. DEFAULT ACTIONS AND SANCTIONS

- A.** The AHFC/City retains the right to determine, in its/their sole discretion, whether a default has taken place in a RHDA funded project. The AHFC may exercise default actions if the AHFC determines that the default or violation(s) of the terms and conditions of the executed agreement has or may take place by the developer of the developer project. A default or violation may be facilitated as a result of action or inaction taken by the project developer, organization, agency, contractor, individual or duly appointed representative of the developer or developer project. A default or violation may include, but not be limited to the following:
1. Developer or developer project fails to adequately address applicable local, state or federal rules and/or regulations governing the acquisition, construction and/or initial occupancy requirements of the project, or
 2. Any breach of any covenant, agreement, provision or warranty made by the developer, or
 3. If RHDA Program funds are used for any purpose other than authorized in the RHDA Program contract, or
 4. The appropriate proportion of assisted-units are not maintained for the term of the loan, or
 5. There is a change in use of property prior to repayment of AHFC/City assistance without AHFC/City review and written approval, or
 6. Developer fails to respond to AHFC, City of Austin, HUD, or IRS requests for occupant and rental information during the life of the loan, or
 7. Property is not maintained in compliance with City of Austin codes and ordinances and/or according to minimum federal HQS, or
 8. Developer fails to meet any conditions of the AHFC/City's loan agreement, or
 9. Developer fails to comply with information submitted to the AHFC/City through the project selection process, or
 10. Developer or developer project violates local state or federal law, or
 11. Developer or developer project fails to maintain adequate documentation in support of project requirements, or
 12. Developer fails to comply with any of the GO Bond Covenants..
- B.** Default actions that the AHFC may take should a default or project violations occur may include, but not be limited any one or any combination of the following:
1. Call the project note due and payable in accordance with the terms and conditions of the note;
 2. Call the note due and payable for the full amount of the AHFC funds provided to the project;
 3. Temporarily suspend the project until corrective action is taken;
 4. Terminate the agreement and associated documents with the project;
 5. Request a review or investigation by local or federal authorities if applicable;
 6. Debar the project organization or individual from consideration of any future funding opportunities from the AHFC.

Should the AHFC exercise any of the above referenced actions, the AHFC will provide the developer or developer project written notice of the default or violations determined and may provide a minimum of 48 hours, depending on the severity of the violation, to obtain a written response prior to proceeding with default actions. The AHFC retains the exclusive right to make final determination regarding the extent and timeline for the developer or developer project to initiate corrective action. The AHFC shall make the final determination as to whether the proposed corrective action taken by the developer or developer project is sufficient to meet applicable project terms, conditions, rules, processes, procedures and/or laws.

XX. APPEALS/GRIEVANCE PROCESS

Persons aggrieved by any action or inactions of the program which occurs in the implementation of these guidelines, and who wish to appeal said action or inaction, must do so by submitting an appeal in writing to the AHFC Real Estate Development Manager within 30 days of the action or inaction deemed aggrieving by said person(s).

The AHFC Real Estate Development Manager is charged with the administration for reviewing an appeal or grievance. The Real Estate Development Manager shall submit to the AHFC Treasurer a written summary of each grievance received along with explanations of the administrative action taken or recommended, within 15 days of his/her receipt of a written grievance. The AHFC Treasurer shall constitute the highest administrative personnel in the process.

ATTACHMENTS:

- Attachment 1 - Tenant Income and Rent Limits
- Attachment 2 - Utility Allowances
- Attachment 3 - Tenant Information and Income Certification
- Attachment 4 - Lease Addendum
- Attachment 5 - Opportunity Map of Austin

Texas Department of Housing and Community Affairs Rent and Income Limits¹ (As of 2/10/2012)

Project: Rental Housing, City of Austin, TX

Instructions:

- (1) Choose the county in which your project is located.
- (2) If your project is located within the boundaries of one of the designated places listed in the dropdown menu then make the appropriate selection. If the location is not listed, then choose the "Not Listed" option.
- (3) Please select the financing applicable for your project. Properties financed with HOME, NSP, or tax exempt bonds and 4% tax credits are not eligible to use the National Non-Metro limits.
- (4) Choose the date the first building in the project (as defined on line 8b of the 8609) was placed in service or for Housing Trust Fund, the date of your LURA. For HOME or NSP, select "N/A."
- (5) Select the date based on the execution date of your property's Carryover Agreement, Determination Notice, Subaward Agreement Date. For Housing Trust Fund, select the date of your LURA. For HOME or NSP select "N/A." See footnote 3 for more details.

PLEASE COMPLETE ALL FIELDS.

INCOME LIMITS

- (1) County: Travis
- (2) Place:² Austin
- (3) Financing: HOME
- (4) LURA Date: N/A - (For HOME or NSP only)

AMFI	Number of Household Members							
	1	2	3	4	5	6	7	8
%								
30	\$ 15,950	\$ 18,200	\$ 20,500	\$ 22,750	\$ 24,600	\$ 26,400	\$ 28,250	\$ 30,050
40	\$ 21,280	\$ 24,320	\$ 27,360	\$ 30,360	\$ 32,800	\$ 35,240	\$ 37,680	\$ 40,080
50	\$ 26,600	\$ 30,400	\$ 34,200	\$ 37,950	\$ 41,000	\$ 44,050	\$ 47,100	\$ 50,100
60	\$ 31,920	\$ 36,480	\$ 41,040	\$ 45,540	\$ 49,200	\$ 52,860	\$ 56,520	\$ 60,120
80	\$ 42,500	\$ 48,600	\$ 54,650	\$ 60,700	\$ 65,600	\$ 70,450	\$ 75,300	\$ 80,150
120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RENT LIMITS

AMFI	Number of Bedrooms				
	0	1	2	3	4
%					
30	\$398	\$426	\$512	\$591	\$660
40	\$532	\$570	\$684	\$789	\$881
Low	\$665	\$712	\$855	\$986	\$1,101
High	\$713	\$812	\$989	\$1,249	\$1,374
65					
80	\$0	\$0	\$0	\$0	\$0

- (5) LURA Date (should be same selection as above):

N/A - (For HOME or NSP only)

¹ This information is being provided to assist in the determining the rents and incomes applicable given a set of assumptions you select. You are encouraged to independently verify the results or contact the Department if you have concerns.

² The "Place" field is used to determine whether the property is eligible to use the National Non-Metropolitan Median Income limits. Not all Places or Cities in Texas are shown. If you are located outside of the boundaries of a designated Place then select "Not Listed" even if your mailing address reflects the place name.

³ For Housing Trust Fund, select the date of the Land Use Restriction Agreement. For HOME or NSP, select "N/A".

⁴ The latest Housing Tax Credit income limits (effective 12/1/2011) were recently released. The 2012 income limits applicable for NSP were released 12/19/2011 and the income and rent limits applicable to HOME Program were released and effective 2/9/2012.

HUD-52667: (modified)

effective for August 1, 2011 re-exams

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES				DATE reviewed December 2010			
LOCALITY AUSTIN HOUSING AUTHORITY			UNIT TYPE Duplex/ Semi- Detached				
UTILITY OR SERVICE		MONTHLY DOLLAR ALLOWANCES					
		0 -BR	1-BR	2-BR	3-BR	4-BR	5-BR
Heating	a. Natural Gas	\$4	\$6	\$8	\$10	\$12	\$13
	b. Electric	\$9	\$17	\$23	\$28	\$36	\$41
Air Conditioning		\$12	\$16	\$23	\$31	\$40	\$46
Cooking	a. Natural Gas	\$3	\$3	\$4	\$5	\$6	\$8
	b. Electric	\$4	\$7	\$9	\$11	\$13	\$15
Other Electric (electric lighting, refrigerator, fan, etc.)		\$26	\$31	\$36	\$41	\$50	\$57
Monthly Base Gas Charge		\$10	\$10	\$10	\$10	\$10	\$10
Water Heating	a. Natural Gas	\$6	\$8	\$10	\$12	\$15	\$17
	b. Electric	\$14	\$19	\$23	\$32	\$41	\$50
Water (Average)		\$12	\$16	\$19	\$27	\$33	\$54
Sewer (Average)		\$13	\$24	\$32	\$57	\$73	\$98
Trash Collection		\$27	\$27	\$27	\$32	\$32	\$32
Range		\$8	\$8	\$8	\$8	\$8	\$8
Refrigerator		\$10	\$10	\$10	\$10	\$10	\$10
Discounts:		Qualifying customers certified by the City of Austin Utility Company may be eligible for the waiver of the monthly base charge. To qualify, the customers must be 65 years of age or older with total household income of \$10,000 or less per year, provided that the service account is individually metered and in the customer's name. CITY OF AUSTIN DISCOUNT: \$ 6.00 MONTHLY					
Actual family allowances: (to be used by family to complete allowance. Complete below for actual unit rented)				UTILITY OR SERVICE		PER MONTH	
NAME OF FAMILY				HEATING			
ADDRESS OF UNIT				AIR CONDITIONING			
				COOKING			
				OTHER ELECTRIC			
				WATER HEATING			
				WATER			
				SEWER			
				TRASH COLLECTION			
NUMBER OF BEDROOMS				RANGE			
				REFRIGERATOR			
				TOTAL			

Form: 017 utility chart-B.doc

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES				DATE reviewed December 2010			
LOCALITY AUSTIN HOUSING AUTHORITY			UNIT TYPE Multi-Family Elevator				
UTILITY OR SERVICE		MONTHLY DOLLAR ALLOWANCES					
		0 -BR	1-BR	2-BR	3-BR	4-BR	5-BR
Heating	a. Natural Gas	\$4	\$5	\$6	\$8	\$10	\$12
	b. Electric	\$7	\$11	\$18	\$22	\$28	\$32
Air Conditioning		\$8	\$12	\$17	\$25	\$34	\$40
Cooking	a. Natural Gas	\$3	\$3	\$4	\$5	\$6	\$8
	b. Electric	\$3	\$7	\$9	\$11	\$13	\$15
Other Electric (electric lighting, refrigerator, fan, etc.)		\$25	\$30	\$35	\$40	\$48	\$56
Monthly Base Gas Charge		\$10	\$10	\$10	\$10	\$10	\$10
Water Heating	a. Natural Gas	\$6	\$8	\$10	\$12	\$15	\$17
	b. Electric	\$11	\$19	\$23	\$32	\$41	\$50
Water (Average)		\$11	\$18	\$22	\$33	\$40	\$51
Sewer (Average)		\$16	\$31	\$39	\$61	\$75	\$98
Trash Collection		\$6	\$6	\$6	\$6	\$6	\$6
Range		\$8	\$8	\$8	\$8	\$8	\$8
Refrigerator		\$10	\$10	\$10	\$10	\$10	\$10
Discounts:		Qualifying customers certified by the City of Austin Utility Company may be eligible for the waiver of the monthly base charge. To qualify, the customers must be 65 years of age or older with total household income of \$10,000 or less per year, provided that the service account is individually metered and in the customer's name. CITY OF AUSTIN DISCOUNT: \$ 6.00 MONTHLY					
Actual family allowances: (to be used by family to complete allowance. Complete below for actual unit rented)				UTILITY OR SERVICE		PER MONTH	
NAME OF FAMILY				HEATING			
ADDRESS OF UNIT				AIR CONDITIONING			
				COOKING			
				OTHER ELECTRIC			
				WATER HEATING			
				WATER			
				SEWER			
				TRASH COLLECTION			
				RANGE			
NUMBER OF BEDROOMS				REFRIGERATOR			
				TOTAL			

Form: 017 utility chart-B.doc

HUD-52667: (modified)

effective for August 1, 2011 re-exams

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES				DATE reviewed December 2010			
LOCALITY AUSTIN HOUSING AUTHORITY			UNIT TYPE Multi-Family Walk-Up				
UTILITY OR SERVICE		MONTHLY DOLLAR ALLOWANCES					
		0 -BR	1-BR	2-BR	3-BR	4-BR	5-BR
Heating	a. Natural Gas	\$4	\$5	\$6	\$8	\$10	\$12
	b. Electric	\$7	\$11	\$18	\$22	\$28	\$32
Air Conditioning		\$8	\$12	\$17	\$25	\$34	\$40
Cooking	a. Natural Gas	\$3	\$3	\$4	\$5	\$6	\$8
	b. Electric	\$3	\$7	\$9	\$11	\$13	\$15
Other Electric (electric lighting, refrigerator, fan, etc.)		\$25	\$30	\$35	\$40	\$48	\$56
Monthly Base Gas Charge		\$10	\$10	\$10	\$10	\$10	\$10
Water Heating	a. Natural Gas	\$6	\$8	\$10	\$12	\$15	\$17
	b. Electric	\$11	\$19	\$23	\$32	\$41	\$50
Water (Average)		\$11	\$18	\$22	\$33	\$40	\$51
Sewer (Average)		\$16	\$31	\$39	\$61	\$75	\$98
Trash Collection		\$6	\$6	\$6	\$6	\$6	\$6
Range		\$8	\$8	\$8	\$8	\$8	\$8
Refrigerator		\$10	\$10	\$10	\$10	\$10	\$10
Discounts:		Qualifying customers certified by the City of Austin Utility Company may be eligible for the waiver of the monthly base charge. To qualify, the customers must be 65 years of age or older with total household income of \$10,000 or less per year, provided that the service account is individually metered and in the customer's name. CITY OF AUSTIN DISCOUNT: \$ 6.00 MONTHLY					
Actual family allowances: (to be used by family to complete allowance. Complete below for actual unit rented)				UTILITY OR SERVICE		PER MONTH	
NAME OF FAMILY				HEATING			
ADDRESS OF UNIT				AIR CONDITIONING			
				COOKING			
				OTHER ELECTRIC			
				WATER HEATING			
				WATER			
				SEWER			
				TRASH COLLECTION			
				RANGE			
NUMBER OF BEDROOMS				REFRIGERATOR			
				TOTAL			

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HUD-52667: (modified)

effective for August 1, 2011 re-exams

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES				DATE reviewed December 2010			
LOCALITY AUSTIN HOUSING AUTHORITY			UNIT TYPE Rowhouse/Townhouse				
UTILITY OR SERVICE		MONTHLY DOLLAR ALLOWANCES					
		0 -BR	1-BR	2-BR	3-BR	4-BR	5-BR
Heating	a. Natural Gas	\$4	\$5	\$6	\$8	\$10	\$12
	b. Electric	\$7	\$11	\$18	\$22	\$28	\$32
Air Conditioning		\$8	\$12	\$17	\$25	\$34	\$40
Cooking	a. Natural Gas	\$3	\$3	\$4	\$5	\$6	\$8
	b. Electric	\$3	\$7	\$9	\$11	\$13	\$15
Other Electric (electric lighting, refrigerator, fan, etc.)		\$25	\$30	\$35	\$40	\$48	\$56
Monthly Base Gas Charge		\$10	\$10	\$10	\$10	\$10	\$10
Water Heating	a. Natural Gas	\$6	\$8	\$10	\$12	\$15	\$17
	b. Electric	\$11	\$19	\$23	\$32	\$41	\$50
Water (Average)		\$12	\$16	\$19	\$27	\$33	\$54
Sewer (Average)		\$13	\$24	\$32	\$57	\$73	\$98
Trash Collection		\$26	\$26	\$26	\$31	\$31	\$31
Range		\$8	\$8	\$8	\$8	\$8	\$8
Refrigerator		\$10	\$10	\$10	\$10	\$10	\$10
Discounts:		Qualifying customers certified by the City of Austin Utility Company may be eligible for the waiver of the monthly base charge. To qualify, the customers must be 65 years of age or older with total household income of \$10,000 or less per year, provided that the service account is individually metered and in the customer's name. CITY OF AUSTIN DISCOUNT: \$ 6.00 MONTHLY					
Actual family allowances: (to be used by family to complete allowance. Complete below for actual unit rented)				UTILITY OR SERVICE		PER MONTH	
NAME OF FAMILY				HEATING			
ADDRESS OF UNIT				AIR CONDITIONING			
				COOKING			
				OTHER ELECTRIC			
				WATER HEATING			
				WATER			
				SEWER			
				TRASH COLLECTION			
				RANGE			
NUMBER OF BEDROOMS				REFRIGERATOR			
				TOTAL			

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HUD-52667: (modified)

effective for August 1, 2011 re-exams

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT-FURNISHED UTILITIES AND OTHER SERVICES				DATE reviewed December 2010			
LOCALITY AUSTIN HOUSING AUTHORITY			UNIT TYPE Single Family Detached				
UTILITY OR SERVICE		MONTHLY DOLLAR ALLOWANCES					
		0 -BR	1-BR	2-BR	3-BR	4-BR	5-BR
Heating	a. Natural Gas	\$4	\$6	\$8	\$10	\$12	\$13
	b. Electric	\$9	\$17	\$23	\$28	\$36	\$41
Air Conditioning		\$12	\$16	\$23	\$31	\$40	\$46
Cooking	a. Natural Gas	\$3	\$3	\$4	\$5	\$6	\$8
	b. Electric	\$4	\$7	\$9	\$11	\$13	\$15
Other Electric (electric lighting, refrigerator, fan, etc.)		\$26	\$32	\$37	\$42	\$50	\$58
Monthly Base Gas Charge		\$10	\$10	\$10	\$10	\$10	\$10
Water Heating	a. Natural Gas	\$6	\$8	\$10	\$12	\$15	\$17
	b. Electric	\$14	\$19	\$23	\$32	\$41	\$50
Water (Average)		\$12	\$16	\$19	\$27	\$33	\$54
Sewer (Average)		\$13	\$24	\$32	\$57	\$73	\$98
Trash Collection		\$27	\$27	\$27	\$32	\$32	\$32
Range		\$8	\$8	\$8	\$8	\$8	\$8
Refrigerator		\$10	\$10	\$10	\$10	\$10	\$10
Discounts:		Qualifying customers certified by the City of Austin Utility Company may be eligible for the waiver of the monthly base charge. To qualify, the customers must be 65 years of age or older with total household income of \$10,000 or less per year, provided that the service account is individually metered and in the customer's name. CITY OF AUSTIN DISCOUNT: \$ 6.00 MONTHLY					
Actual family allowances: (to be used by family to complete allowance. Complete below for actual unit rented)				UTILITY OR SERVICE		PER MONTH	
NAME OF FAMILY				HEATING			
ADDRESS OF UNIT				AIR CONDITIONING			
				COOKING			
				OTHER ELECTRIC			
				WATER HEATING			
				WATER			
				SEWER			
				TRASH COLLECTION			
				RANGE			
NUMBER OF BEDROOMS				REFRIGERATOR			
				TOTAL			

Form: 017 utility chart-B.doc

Initial Tenant Information and Income Certification

This form must be completed for every household

Project/Property Address _____ Date of Initial Occupancy: _____

Unit No.: Accessible/mobility: ☐ Yes ☐ No Accessible/sight-hearing: ☐ Yes ☐ No

Information on this form is required in order to ensure compliance with all applicable funding requirements. The City of Austin, Austin Housing Finance Corporation and/or the U. S. Department of Housing and Urban Development (HUD) reserves the right to request third party documentation to verify any and all information provided.

1. Name of Head of Household: _____ Telephone No: _____

2. Mailing Address (if different from above): _____

3. Rental Assistance: ☐ Yes ☐ No **If yes, please select rental assistance type below:**
☐ Section 8 ☐ HOME TBRA ☐ Other (Project-Based Sec 8, VA Asst, Etc.) _____

4. Marital Status: ☐ Single ☐ Married 5. Number of Persons in Household:

6. Number of Dependents under age 18: Ages: 7. Number of Bedrooms:

8. Monthly Housing Costs: Rent: + Utilities: = Month

9. Total amount of rent paid by tenant: Month

10. Gross Yearly Household Income (include all persons over age 18): ÷ 12 = Month

11. Please Circle the MFI % for this household: <30% 31-50% 51-60% 61-80%

12. Please Calculate % of Housing Costs to Income: No. 9 ÷ No. 10 = %

13. Ethnicity (of Head of Household)
<input type="checkbox"/> Hispanic or Latino
<input type="checkbox"/> Not Hispanic or Latino

14. Race/Multi-Race Category (of Head of Household)
<input type="checkbox"/> White
<input type="checkbox"/> Black/African American
<input type="checkbox"/> Asian
<input type="checkbox"/> American Indian/Alaskan Native
<input type="checkbox"/> Native Hawaiian/Other Pacific Islander
<input type="checkbox"/> American Indian/Alaskan Native & white
<input type="checkbox"/> Asian & White
<input type="checkbox"/> Black/African American & White
<input type="checkbox"/> American Indian/Alaskan Native & Black/African American
<input type="checkbox"/> Other Multi-Racial

15. Type of Household (Head of Household)
<input type="checkbox"/> Single, Non-Elderly
<input type="checkbox"/> Elderly, 62 years +
<input type="checkbox"/> Related/Single Parents
<input type="checkbox"/> Related/Two Parents
<input type="checkbox"/> Other
<input type="checkbox"/> Vacant
<input type="checkbox"/> Disability (Head of Household)
<input type="checkbox"/> Female (Head of Household)

I (print tenant's name), _____ certify that the yearly household income and other information indicated above is true and correct.

Tenant's Signature: _____

Date: _____

RHDA Program Initial Tenant Information and Income Summary Report

Today's Date: _____

Project Name: _____

Address: _____

Owner Name: _____ Phone: _____

Contact: _____ Phone: _____

Reporting Period Dates: **From** _____ **To:** _____Total Household Reported (this Period) *

* Report unduplicated households served during this period:

Total Number of Units: _____ Number leased to date: _____

Total number of RHDA-assisted units: _____ Number leased to date: _____

Totals from client intake forms:

Household Size:	Household Type /Head of Household	Household Income - (% of MFI)	Race/Multi-Race Category of Head of Household
1 _____	Single _____	< 30% _____	White _____
2 _____	1 Parent _____	31 - 50% _____	Black/African American _____
3 _____	Female _____	51 - 60% _____	Asian _____
4 _____	62 years + _____	61 - 80% _____	American Indian/Alaskan Native _____
5 _____	Disabled _____		Native Hawaiian/Other Pacific Islander _____
6 _____	Other _____		American Indian/Alaskan Native & White _____
7 _____			Asian & White _____
8+ _____			Black/African American & White _____
			American Indian/Alaskan Native & Black/African American _____
			Other Multi-racial _____
			Ethnicity of Head of Household
			Hispanic or Latino _____
			Not Hispanic or Latino _____

LEASE ADDENDUM

FOR RHDA-ASSISTED PROPERTIES

1. This lease agreement addendum is an addendum to the lease agreement (herein referred to as the "lease agreement"), entered into on _____, _____, between _____ (herein referred to as "Owner") and _____ (herein referred to as "Tenant") for the leasing of the premises at _____, _____, Texas.

2. The provisions of this addendum supercede in all respects any conflicting provisions contained in the lease agreement. To the extent any conflict exists between the lease agreement and this addendum, the provisions of this addendum shall govern.

3. **Prohibited Lease Terms. Any of the following provisions contained in the lease agreement shall be null and void and unenforceable:**

- 3.1. Any and all provisions in the lease agreement in which the Tenant agrees to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease.
- 3.2. Any and all provisions in the lease agreement governing the right of the Owner or its agents to take, hold, or sell personal property of household members without written notice to the Tenant and a court decision on the rights of the parties, with the exception of property remaining in a housing unit after the Tenant has moved out of the unit which is disposed of in accordance with State law.
- 3.3. Any and all provisions in the lease agreement excusing the Owner or its agents from legal responsibility for any action or failure to act, whether intentional or negligent.
- 3.4. Any and all provisions in the lease agreement in which the Tenant agrees that the Owner may institute an eviction lawsuit against the Tenant without notice to the Tenant.
- 3.5. Any and all provisions in the lease agreement in which the Tenant agrees that the Owner may evict the Tenant or household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- 3.6. Any and all provisions in the lease agreement in which the Tenant agrees to waiver of a trial by jury.
- 3.7. Any and all provisions in the lease agreement in which the Tenant waives the right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.

- 3.8. Any and all provisions in the lease agreement in which the Tenant is chargeable with costs of legal actions regardless of outcome including agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by the owner against Tenant.

4. **Termination of Tenancy:**

- 4.1 Grounds for termination or nonrenewal. An owner may not terminate the tenancy or refuse to renew the lease of a Tenant except for:

- 4.1.a. serious or repeated violations of the terms and conditions of the lease;
- 4.1.b. violation of applicable Federal, State, or local law;
- 4.1.c. completion of tenancy period for transitional housing; or
- 4.1.d. other good cause.

4.2 Notices. To terminate or nonrenew the tenancy, Owner must serve written notice upon Tenant specifying the grounds for the termination or nonrenewal at least thirty days before the effective date of the termination or nonrenewal. The notice to terminate or nonrenewal must be served on the Tenant by either: (1) both first class mail and either certified or registered mail; or (2) by personal delivery to the Tenant or a household member eighteen years or older. If the Tenant does not vacate the premises by the effective date of the termination as set forth in the notice of lease termination, Owner shall give Tenant at least three days written notice to vacate the premises and, if Tenant has not vacated the premises by the end of the third day, Owner may then proceed to obtain possession by a forcible detainer lawsuit in the appropriate justice of the peace court. Owner's failure to follow these procedures shall be cause for dismissal without prejudice of the eviction lawsuit.

4.3 Opportunity to cure. Prior to serving the thirty-days notice to terminate or refusal to renew the tenancy on the Tenant, Owner must provide Tenant with at least a ten-day opportunity to cure any alleged lease violation with the exception of lease violations based on drug activity; serious, violent criminal activity; or other serious criminal activity.

5. **Entry into Unit.** Owner, or Owner's representative or servicemen, may enter the unit during reasonable times for any reasonable business purpose after providing at least twenty-four-hours notice to the Tenant, with the exception of emergencies, for which no advance notice shall be required. Whenever the Tenant or household member over the age of 18 is not present in the unit at the time of entry, written notice stating the purpose of the entry thereof must be left in the apartment after entry. Entries by Owner and its agents shall not be so frequent as to seriously disturb Tenant's peaceful enjoyment of the unit.

6. **Tenant Agreement to Provide Requested Information.** Tenant understands that the unit leased under this agreement has received governmental subsidies and that, as a condition of the governmental subsidy, Tenant is required and hereby agrees to provide Owner with any information and sign any releases which are necessary to allow Owner to verify Tenant's income and otherwise comply with government rules and regulations. Tenant agrees to provide Owner accurate and complete information regarding Tenant's income and to do so by the date specified in Owner's request. Tenant understands that the intentional failure to supply accurate and complete information regarding Tenant's income shall constitute a serious lease violation. All Tenant files will be available for inspection by all applicable federal, state, and local agencies. Tenant hereby consents to release of all such information by Owner to governmental agencies.

7. This agreement is deemed to have been made in compliance with all applicable State and local laws, and if any section or part is not lawful, only this section or part shall be void, and the balance of the agreement shall remain in full force and effect.

8. **Copies of Lease Agreement.** Tenant is to be given a copy of this lease addendum.

BY:

Owner's Representative

Date

Tenant

Date

**KIRWAN
INSTITUTE**
New Office Space at 2000 and 75th Ave. S.W.

ATTACHMENT 5

